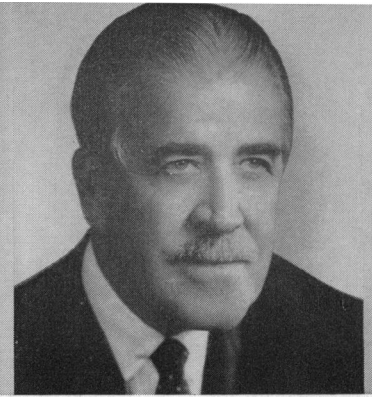


The President's Page



The Blue Shield Concept

MORE THAN 1,800 organizations provide health care insurance programs for a total of 145,000,000 Americans. One of them is Blue Shield. It is unique in that its sponsors are the men and women most vitally involved in health care—America's physicians.

Blue Shield also is unique in that each of its 84 plans, inside and outside of the United States, is sponsored and directed by medicine locally, thus allowing for great adaptability in meeting health needs of many different areas.

In 1963, Blue Shield paid more than \$1,000,000,000 nationally for professional services provided to its subscribers. It provides 34 per cent of the medical-surgical prepayment protection in the United States today and it covers 26 per cent of the population.

This is a pretty good manifestation of the people's confidence in and preference for voluntary health insurance plans. And, perhaps, it could be considered their "mandate" for continuing the private practice of medicine in this country.

The first statewide physician-sponsored prepaid health care plan was pioneered 25 years ago by the California Medical Association. It was called California Physicians' Service. It was organized because the medical profession recognized the distressing financial and emotional strain inflicted on patients by unexpected medical expenses and felt that some way had to be found to soften the impact.

CPS-Blue Shield's infancy was rough. In 1939 the concept of prepaid medical care was startling and daring. Insurance companies viewed its future with skepticism—to say the least. Underwriting health care protection just wasn't practical, they said. And for a while it looked as if they were right. Too many dollars were paid out. Too few were coming in. But, by trial and error, physician-trustees of the early plans were able to build the sound actuarial foundation that exists today.

Often called the "physician's plan," Blue Shield succeeded because medicine was behind it. Physicians both underwrote it and sponsored it. From all over the United States they have given incalculable hours of their time as directors and trustees of the Blue Shield plans.

Why? To push medicine into the insurance business? Obviously not. They serve Blue Shield without pay and, in keeping with their philosophy that providing health care coverage is a service and not a business, Blue Shield is operated on a non-profit basis.

Since it is sponsored by physicians who keep in close touch with changing health care needs, Blue Shield offers great flexibility. Its programs do not suffer from the rigidity too often found in programs born of bureaucracies.

Our CPS continues to pioneer in the field of health care. For example, in 1963 CPS undertook an experimental prepaid medical care plan for recipients of public assistance in Santa Barbara County, working with the State Department of Social Welfare. This cooperative venture is working out well. The department knows costs of care in advance since it pays premiums to CPS on recipients' behalf and physicians know what their fees will be.

In another area, CPS is the fiscal administrator of the original "medicare" program, which covers military personnel and their dependents. Among other activities, CPS has launched experimental programs for post-hospitalization convalescent care and coverage for residents of retirement communities.

CPS-Blue Shield plans form the most impressive evidence ever supplied by medicine that the medical profession is capable of providing the finest health care in the world at the most reasonable cost possible.

These programs are providing health care to the millions NOW! What a contrast to the beguiling but unbaked pie-in-the-sky the national administration is whooping up as a health panacea for the aged.

James C. Doyle